



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

January 28, 2010

Antonia De Pablo, HR Manager
BAE Systems Advanced Ceramics, Inc.
991 Park Center Drive
Vista, CA 92081

Dear Ms. De Pablo:

**RE: FINAL MONITORING VISIT REPORT for BAE Systems Advanced Ceramics, Inc.
ET08-0350**

Date of the Visit:	1/26/10
Beginning/Ending Time:	N/A
Date of Last Visit:	3/13/09
Visit Location:	Via Teleconference
Persons in attendance:	Antonia De Pablo, HR Manager, BAE Systems Advanced Ceramics; and Krista Campion, Contract Analyst, Employment Training Panel
Action Required:	No

CONTRACT INFORMATION

Term of Agreement:	1/28/08 – 1/27/10	Agreement Amount:	\$69,696
Training Start Date:	2/13/08	No. to Retain:	121
Date All Training Must be Completed:	10/27/09	Range of Hours:	24 – 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	32

ACTION ITEMS REMAINING FROM THE PRIOR VISIT:

None

SACRAMENTO CENTRAL OFFICE
1100 J Street, 4th Floor
SACRAMENTO, CA 95814
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE
4640 Lankershim Blvd., Suite 311
NORTH HOLLYWOOD, CA 91602
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE
1065 East Hillsdale Blvd, Suite 415
FOSTER CITY, CA 94404
(650) 655-6930

SAN DIEGO REGIONAL OFFICE
5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

- **HISTORY OF AGREEMENT CHANGES**

The Agreement was executed on 2/22/08. Training commenced on this project on 2/13/08 and the last day of ETP training was 10/07/08, which allows for the 90-day retention period to be completed within the term of the Agreement – 1/27/10.

ETP processed one Agreement Modification during the term of the Agreement which added two training courses to the Continuous Improvement curriculum.

- **INTERVIEW WITH ANTONIA DE PABLO, HUMAN RESOURCES MANAGER**

Advanced Ceramics manufactures a wide range of high strength advanced materials such as titanium diboride, silicon carbide, and aluminum nitride. The company's product applications include armor, semiconductors, optical, electronic, industrial products and specialty materials for the semiconductor and defense industries. This project was designed to provide 121 frontline workers with training in Computer Skills, Manufacturing Skill, Continuous Improvement, Hazardous Materials and Literacy Skills.

Ms. De Pablo reported that the company commenced training in early 2008, and by the last quarter of 2008 the economic recession severely impacted the company's ability to continue training under this Agreement. Therefore, due to budget considerations and business needs, BAE Systems Advanced Ceramics made a decision in January 2009 to stop all ETP training and was unable to deliver any further ETP training under this Agreement. As a result, only 10 retrainees of the 33 who commenced training completed the minimum training hours to qualify for reimbursement.

Ms. De Pablo did report that the small amount of training that was conducted was considered to be successful. Specifically, the Lean Manufacturing training (Continuous Improvement) was beneficial and as a result, the company was able to streamline some areas in the production for increased job efficiencies.

See below for the projected earnings.

PROJECT STATUS PROVIDED BY THE CONTRACTOR

Trainees Started Training:	33
Enrolled:	145
Dropped Following Enrollment:	*42
Completed Minimum Hours:	10
Completed All Training:	10
Completed Retention:	10

**Note: There are 93 additional drops to be submitted on this project prior to the submission of the final closeout invoice.*

PROJECTED EARNINGS / NUMBER TO RETAIN

Ms. De Pablo confirmed that 10 retrainees completed the minimum number of hours to qualify for reimbursement, which is consistent with the information in the ETP class/lab tracking system, and all 10 retrainees subsequently completed the 90-day retention period. The per trainee reimbursement for class/lab training is based on the total actual number of training hours completed for each trainee, provided the minimum (24) and no more than the maximum (200) class/lab training hours are completed, and all other Agreement terms and conditions are met.

The 10 aforementioned retrainees completed from 24.5 – 44.5 hours of class/lab training for a grand total of 346.5 hours of training. **This equates to a potential reimbursement of \$6,237, assuming that all Agreement performance requirements are met including turnover rate** (see below). This amount is nine percent of the Agreement amount.

Turnover Rate

According to the Agreement, BAE Systems Advanced Ceramics, Inc. will earn the Final Payment of 25% per-trainee for any trainee only if it achieves an average turnover rate of 20 percent or less during the last 12 months of the Agreement. Ms. Antonia reported that BAE Advanced Ceramics averaged a turnover rate of 8.1% for the last 12 months of the Agreement (1/26/09 – 1/26/10) and will notify the ETP Fiscal Unit when she submits the closeout invoice.

CLOSEOUT INVOICE

Ms. Campion reminded Ms. De Pablo that the final closeout invoice is due to ETP within 30-days after the end date of the Agreement or by 2/27/10. Ms. De Pablo projects to submit the final closeout invoice to ETP by the first of February 2010. To date, BAE Systems Advanced Ceramics has been reimbursed by ETP a total of \$1,152 in *unearned* progress payments.

AUDIT

BAE Systems Advanced Ceramics, Inc. will be notified in writing if this Agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information in this letter, please contact Ms. Campion at 619-686-1917, or at kcampion@etp.ca.gov, within ten (10) working days from the receipt date of this letter.

Sincerely,



Diana Torres, Manager
San Diego Regional Office



Krista Campion, Contract Analyst
San Diego Regional Office

cc: Antonia De Pablo, Human Resources Manager
Kulbir Mayall, ETP Fiscal Manager
Master File
Project File
Final Report File